



State of Arizona  
Department of Education

**Tom Horne**  
Superintendent of Public Instruction

**School Finance**  
1535 West Jefferson, Bin 13  
Phoenix, AZ 85007  
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**School Finance Advisory Committee**  
Fiscal Year 2007

Monday, December 11, 2006

**Logistics**

**Meeting Time**

Please plan for a punctual arrival so the meeting can begin on time.

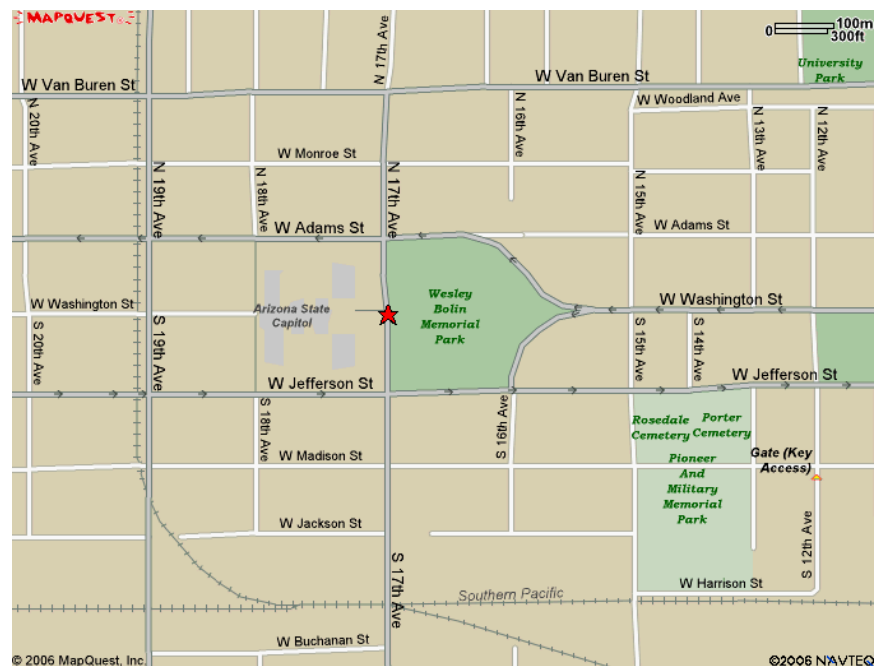
Meeting: 1:00 p.m. – 4:00 p.m.

**Meeting Location**

**Arizona State Capitol  
Executive Tower Building  
1700 West Washington  
2<sup>nd</sup> Floor Conference Room  
Phoenix, AZ 85007**

**ADE Contact Info**

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**School Finance Unit**  
**Arizona Department of Education**  
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 Phone: 602-542-5695 Fax: 602-542-3099



**School Finance Advisory Committee**  
**Fiscal Year 2007**

**Meeting Agenda**

General		Start Time	Stop Time
<b>Date</b>	Monday, December 11, 2006	1:00 pm	4:00 pm
<b>Location</b>	Arizona State Capitol, Executive Tower Building, 1700 West Washington, 2 <sup>nd</sup> Floor Conference Room, Phoenix, AZ 85007		

Members			ADE Staff
Mr. Gary Bae	Dr. Gaye Leo	Mr. Michael D. Reed	Bonnie Betz
Ms. Patricia Beatty	Ms. Rita Leyva	Mr. George Ritchie	Paul Carolan
Mrs. Lana E. Berry	Mr. Scott Little	Mrs. Adrienne E. Sanchez	Bob Dohm
Mr. Daniel D. Bigler, CPA	Ms. Karen Mejia	Dr. Elizabeth M. Sanders	Teddy Dumlao
Mr. Mark E. Busch	Mrs. Lucia Marrufo	Mrs. Vickie L. Simmons, CPA	Harold Frederick
Ms. Marcie K. Celaya	Mr. Brian L. Mee	Dr. Kenneth A. Smith	Lyle Friesen
Mr. Paul Christensen	Ms. Montie Morris	Mr. Fred A. Stone III	Dolores Gerritse
Mr. Kent DeYoung	Ms. Linda F. Munk, M.Ed	Mr. Roger Studley	Art Harding
Ms. Lori Garvey	Mr. Quincy Natay, MBA	Mrs. Brenda Thomas	Art Heikkila
Ms. Mary F. Gifford	Ms. Tina M. Norton	Mrs. Rose Whelihan	Jill Heikkila
Ms. Karen L. Havird	Mrs. Norma Pacheco	Mrs. K. Raechel Whitmer	Vicki Salazar
Mr. Ken Hicks	Mr. Kevin E. Price	Ms. Sandy Wilkins	Philip G. Williams
Ms. Michele Kaye	Mrs. Linda A. Proctor-Downing	Mr. George Zeigler	

Agenda
(Lyle Friesen) Review/Approval of October 2006 Minutes (handout)
(Lyle Friesen) 12 vs. 10 APOR payments
(Lyle Friesen) December budget revisions technical correction of <\$1000
(Jill Heikkila) Request for assistance with Excessive Absence – Absence Approval
(Bonnie Betz) Excess Utilities – Sudden Growth
(Karen Havird) Request for updates/ status on: excused vs. unexcused definition, concurrency subcommittee recommendation
(Karen Havird) Request for notification of changes from SF
(Karen Havird) Recommendation to SFB from SFAC re: report due dates, tie to AFRs
(Sandy Wilkins) SAIS student information and JTED's
Report from subcommittees: <ul style="list-style-type: none"> <li>Classroom Site Fund – Prop 301 funding shortfall</li> <li>Concurrent Enrollment –</li> </ul>
Call to the Audience
Adjournment

**Next Meeting:** Monday, February 12, 2006  
1:00 – 4:00 pm

**Location:** Arizona State Capitol  
Executive Tower Building  
2<sup>nd</sup> Floor Conference Room  
1700 West Washington  
Phoenix, AZ 85007

**Estimated Distribution Date of October 2006 Meeting Minutes:** December 29, 2006

## School Finance Advisory Committee Meeting Monday, October 30, 2006

Subject / Name	Issue	Suggestions / Resolution
<b>Minutes Review</b>	No corrections were made to the minutes.	
<b>ADE Audit Review</b>	Note that they are auditing to ensure a district complies with full instructional hours, including consideration of release days, etc.	
<b>Prop 301</b>	<p>The subcommittee did not have an opportunity to meet since the last SFAC meeting but communicated via email. In Sandy's absence, she asked Karen to review the subcommittee report at this meeting. Gary Bae, Pat Beatty and Brian Mee agreed to join the subcommittee.</p> <p>Karen provided and reviewed a position paper from Sandy. Brian and George preferred that the amount for the current year does not go down. Lyle stated that there is already a mechanism in place that if there is excess cash at the end of any given month, catch up payments can be made. Brian stated that in the future, it might be wise that the next time there is a surplus, that legislation goes through to pay back prior years to catch up the LEAs on cash. This would at least allow the LEAs to get their cash back. By Steve Scehmpp's (JLBC) standard, the only time there would be surplus is if the economy does better than expected. The SFAC members thought it best to not send the message that it's okay to forgive mistakes. Below is the preliminary position paper as presented:</p> <p style="text-align: center;"><b>Position Paper for Prop 301 Funding Shortfall</b></p> <p><b>USFR Memorandum 194</b>, dated December 18, 2002 provides guidance for Classroom Site Funds. Pertinent information to support our position is indicated below:</p> <ul style="list-style-type: none"> <li>• The Classroom Site Fund was established in fiscal year 2002 to account for the portion of state sales tax collections provided to school districts as an additional source of funding for teacher salary increases and other specified maintenance and operation purposes. The amount that school districts receive from the State to use at school sites is based on actual tax collections, not to exceed the JLBC estimate.</li> <li>• Laws 2002, Chapter 301 revised several requirements for CSF monies' uses and made these revisions retroactive to July 1, 2001.</li> </ul>	1. Subcommittee to meet and continue discussion for possible revision to position paper. (Sandy)

## School Finance Advisory Committee Meeting Monday, October 30, 2006

<p>Prop 301 continued</p>	<ul style="list-style-type: none"> <li>Sections 1 and 3 of the Law revised A.R.S. 15-947 and 15-977, removing the CSF from the general budget limit and making the CSF budget-controlled. Section 4 of the Law added A.R.S. 15-978, establishing the Classroom Site Fund Budget Limit (CSFBL). The JLBC'S current estimate, plus any prior year's unexpended budget balance and interest earnings in the CSF, becomes the CSFBL for the budget year.</li> <li>Although budget control is applied at the total CSF level, (i.e., Fund 010 expenditures cannot exceed the CSFBL), the restrictions placed on the original allocation of revenues apply in all future years. <b>Therefore, the unexpended budget balance must be carried forward</b> in each of the three CSF detailed special revenue funds (011, 012 and 013) separately.</li> <li><b>Since the CSF is a budget-controlled fund, districts may make expenditures in the Fund that are within the CSFBL, prior to receiving cash.</b> Sections 3 and 5 of the Law revised A.R.S. 15-977 and 15-966, respectively, allowing warrants to be registered for the fund.</li> </ul> <p>The Arizona Department of Education has prepared an analysis which indicates that Districts are still owed a combined total \$51,556,329.45 since the inception of the law in FY02.</p> <p>The Joint Legislative Budget Committee is unsure whether ARS 15-977 permits them to factor past shortfalls into the CSF per pupil calculation for a budget year.</p> <p>Some Options for remedying the situation:</p> <ul style="list-style-type: none"> <li>Request Legislative action to allow the JLBC to fund the shortfall in the same manner they are allowed to increase the per pupil amount with surplus revenues.</li> <li>Require the JLBC to reduce the FY'2008 per pupil amount in order to pay back the shortfall to Districts.</li> <li>Request the JLBC put together a plan to cover this cash deficit, perhaps with an option to recover this over a 2-year period and factor that in when setting the new rates.</li> <li>Since a portion of this shortfall is the result of an error (\$24 million) due to a misunderstanding about the number of payments that ADE needed to make, that this amount be forgiven and the remaining amount be pursued using one of the options above.</li> </ul>	
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## School Finance Advisory Committee Meeting Monday, October 30, 2006

<b>12 vs. 10 APOR Payments</b>	Lyle indicated this was set up ages ago when school started after Labor Day, considering tax collections, and large teacher balance of contract.	1. Talk to Chuck Essigs regarding the 12 vs. 10 APOR Payments. (Lyle)
<b>Concurrent Enrollment</b>	<p>ASCUS met and they discussed the question of how you enforce withdrawals? Karen suggested that it might be useful to help with enforcement if ADE sends out a reminder that the law states that a student may not be enrolled without a withdrawal. Lyle asked the committee when SAIS was first available for the LEAs to enter their student information (early-September...after the start of the school year) for this fiscal year, 07. Notes from the ASCUS meeting are included here:</p> <p>Notes From The ASCUS Users Meeting 9/29/06</p> <p>Concern: How to enforce withdrawals in order to minimize concurrency.</p> <p>Discussion included examples, such as a student who does not withdraw from their home school in May but enrolled in a TAPBI program over the summer, with the intent of returning to their home school in August.</p> <ul style="list-style-type: none"> <li>✓ Everyone agreed that concurrency should not be punitive.</li> </ul> <p>User Input:</p> <ul style="list-style-type: none"> <li>✓ Schools need support of administration in order to enforce the law. Districts/schools choose the level of how they enforce the law.</li> <li>✓ Schools need to be able, should be required, to search in SAIS for other enrollments prior to enrolling a student.</li> <li>✓ No Child Left Behind (NCLB) says we shouldn't turn a child away.</li> <li>✓ Bring concerns to other forums (make ASA, etc. aware).</li> <li>✓ We should financially penalize districts who don't withdraw students timely?</li> <li>✓ Teachers need to take attendance correctly (violation of Title 15.) Problem is when teachers don't record absences correctly, then school office doesn't know that they should have withdrawn the student.</li> <li>✓ An idea was presented: Online withdrawal form sent to State / State sends note to other District and they have 10 days to withdraw the student.</li> </ul>	<ol style="list-style-type: none"> <li>1. Send Concurrent Enrollment recommendation to George Zigler. (Jill)</li> <li>2. Show the recommendation to Superintendent Horne just so he is aware of the committees recommendation and may possibly consider it for his 2007 legislative agenda. (Phil)</li> <li>3. Send out a memo to remind schools that teachers are responsible for taking attendance. (Phil)</li> </ol>

## School Finance Advisory Committee Meeting

### Monday, October 30, 2006

<b>Auditable ADM</b>	Districts are getting penalized for lack of performance; why penalize a school for poor absences when district is working so hard. With all the new labels, evaluation tools, etc. – it's probably time for this old law to go away.	
<b>Miscellaneous</b>	Qwest won lawsuit regarding over assessed taxes; will impact districts regarding interest expense.	
<b>Call to the Audience</b>		<ol style="list-style-type: none"> <li>1. Invite Superintendent Horne to the next SFAC meeting. (Phil)</li> <li>2. Bonnie asked that Jill determine the dollar value of the adjusted ADM. (Jill)</li> <li>3. ADA to go away – Phil will take to Supt. Horne. Jill will package. (Phil and Jill)</li> <li>4. Meet with Chuck Essigs about joining with SFAC to put SFAC items on the AASBO, ASBA, ASA, etc. 2007 legislative agendas. (George Zigler, Brian Mee, Kevin Price, &amp; Paul Christensen)</li> <li>5. Bring SFAC's Capital Growth recommendation to Supt. Horne for his 2007 legislative agenda. (Phil)</li> <li>6. Follow up on technical correction to ARS 15-905 regarding December budget revisions. (Lyle)</li> <li>7. Follow up on status of SFAC position regarding excused/unexcused absences. (Teddy)</li> </ol>
<b>Next Meeting</b>	<b>Monday, December 11, 2006</b>	<b>Arizona State Capitol</b> <b>Executive Tower Building</b> <b>2nd Floor Conference Room</b> <b>1700 West Washington</b> <b>Phoenix, AZ 85007</b>

## School Finance Advisory Committee Meeting Monday, October 30, 2006

<b>Action Items / Commitments</b>	
<b>Jill Heikkila</b>	<ul style="list-style-type: none"> <li>• Send Concurrent Enrollment recommendation to George Zigler.</li> <li>• Bonnie asked that Jill determine the dollar value of the adjusted ADM.</li> <li>• ADA to go away – Phil will take to Supt. Horne. Jill will package.</li> </ul>
<b>Brian, Paul, George &amp; Kevin</b>	<ul style="list-style-type: none"> <li>• Meet with Chuck Essigs about joining with SFAC to put SFAC items on the AASBO 2007 legislative agenda.</li> </ul>
<b>Phil Williams</b>	<ul style="list-style-type: none"> <li>• Show the recommendation to Superintendent Horne just so he is aware of the committee's recommendation and may possibly consider it for his 2007 legislative agenda.</li> <li>• Send out a memo to remind schools that teachers are responsible for taking attendance.</li> <li>• Invite Superintendent Horne to the next SFAC meeting.</li> <li>• ADA to go away – Phil will take to Supt. Horne. Jill will package.</li> <li>• Bring SFAC's Capital Growth recommendation to Supt. Horne for his 2007 legislative agenda.</li> </ul>
<b>Sandy Wilkins</b>	<ul style="list-style-type: none"> <li>• Subcommittee to meet and continue discussion for possible revision to position paper.</li> </ul>
<b>Teddy Dumlao</b>	<ul style="list-style-type: none"> <li>• Follow up on status of SFAC position regarding excused/unexcused absences.</li> </ul>
<b>Lyle Friesen</b>	<ul style="list-style-type: none"> <li>• Talk to Chuck Essigs regarding the 12 vs. 10 APOR Payments.</li> <li>• Follow up on technical correction to ARS 15-905 regarding December budget revisions.</li> </ul>



# School Finance Advisory Committee Meeting

## Monday, October 30, 2006

### Members in Attendance

Members			ADE Staff
Gary Bae	Rita Leyva	Tina Norton	Bonnie Betz
Patricia Beatty	Scott Little	Kevin Price	Lori Damanti
Paul Christensen	Brian Mee	Vickie Simmons	Teddy Dumlao
Kent DeYoung	Montie Morris	Rose Whelihan	Karla Dunn
Lori Garvey	Linda Munk	George Zeigler	Harold Frederick
Karen L. Havird			Lyle Friesen
			Dolores Gerritse
			Jill Heikkila
			Phil Williams

### Acronyms

AASBO	Arizona Association of School Business Officials	M&O	Maintenance and Operation Fund
ADE	Arizona Department of Education	NAVIT	Northern Arizona Vocation Institute of Technology
ADM	Average Daily Membership	RTC	Regional Training Center
AFR	Annual Financial Reports	SAN	Storage Area Network
AG	Auditor General	SDAR	Student Detail Activity Report
CCD	Common Core Data	SDER	School District Employee Report
CEC	Certificate of Education Convenience	SF	School Finance
CSF	Classroom Site Fund	SFAC	School Finance Advisory Committee
EVIT	East Valley Institute of Technology	SFB	School Finance Board
IRR	Instructions for Required Reports	SMS	Student Management System
JTED	Joint Technological Education District	USFR	Uniform System of Financial Records
LEA	Local Education Agency		